

**MINUTES OF
CITY OF LAS VEGAS AUDIT OVERSIGHT COMMITTEE
City Hall - 8th Floor Conference Room
400 Stewart Avenue
Las Vegas, Nevada
City of Las Vegas Internet Address: <http://www.ci.las-vegas.nv.us>**

**March 19, 2002
11:00 a.m.**

CALL TO ORDER: Chairman Kern called the meeting to order at 11:09 a.m. and confirmed with City Clerk Ronemus that the Open Meeting Law had been met.

ATTENDANCE:

Present: Chairman Michael Kern
Mayor Oscar Goodman
Councilman Michael J. McDonald (arrived at 11:12 a.m.)
Member Joseph Saitta
Steve Houchens, Deputy City Manager
Brad Jerbic, City Attorney
Radford Snelding, City Auditor
Philip Cheng, Senior Internal Auditor
Bryan Smith, Internal Auditor
Bill Cimo, Internal Auditor
Gary L. Philips, Internal Auditor
Barbara Jackson, Director of Leisure Services
Nancy Deaner, Manager of Cultural & Community Affairs Division, Leisure Services Department
Bob Wood, Policies & Procedures Manager, Information Technologies Department
Ernest Eblen, Court Administrator for Municipal Court
Pamela Jefferson, Financial Analyst II, Municipal Court
Barbara Jo (Roni) Ronemus, City Clerk
Assistant Deputy City Clerk Vicky Darling

Excused: Member Bill Martin

BUSINESS

1. Approval of the Final Minutes by reference of the Audit Oversight Committee Meeting of December 18, 2001

GOODMAN - Motion to approve – SAITTA seconded the motion - UNANIMOUS with MARTIN and McDONALD excused

(11:10)

1-15

2. Discussion and possible action on revised Quarterly Audit Committee Meeting dates for 2002

Chairman Kern advised that the proposal is to change the Tuesday, June 18, 2002 meeting to Tuesday, June 25, 2002. All other scheduled dates previously approved would remain unchanged.

There was no further discussion.

SAITTA - Motion to approve – GOODMAN seconded the motion - UNANIMOUS with MARTIN and McDONALD excused

(11:10)
1-25

3. General Report by the City Auditor

Mr. Snelding summarized that the administrative practices audit for the City Council and for Information Technologies security are in review under primary auditors Bryan Smith and Bill Cimo, respectively. The professional services contracts audit is at the end of field work and the report is beginning to be written by lead auditor Philip Cheng. The initial field work is being done under lead auditor Gary Phillips regarding the City's compliance with the policies and procedures regarding funding of the Metropolitan Police Department pursuant to the underlying agreement through the Legislature. Staff is also looking at the payments to make sure that the City is living up to its responsibilities. It is not an audit of Metro, but rather an audit of the agreement. Lastly, the City is reviewing the completed consultant's study and issues raised therein regarding Capital Projects. The results of that review will be reported back to the Committee in the future.

The City Auditor's office continues to work on a Fraud Policy. The draft policy is complete and the draft protocol is in process. After completion, a meeting will be held with the City Manager, City Attorney, City Auditor, Detention and Enforcement, and Human Resources to identify a comprehensive policy and protocol. The comprehensive report will then be presented to the Committee Members and heard at a future Audit Committee Meeting.

The meeting to address allocation of funding for the City Auditor's Office from other departments between the Chairman of the Audit Committee, City Manager, Deputy City Manager, and City Auditor has not been held. After it is held, the results will be reported to the Audit Committee at a future Audit Committee Meeting.

Chairman Kern discussed with Deputy City Manager Houchens and Mr. Snelding that it would be appropriate for the Director of Information Technologies to be included in the fraud policy meetings in order to obtain input regarding the observations made by Information Technologies. Mr. Snelding indicated that he would bring the Director up to speed and include him in future meetings.

There was no further discussion.

(11:11 – 11:16)

1-144

4. Discussion and possible action on distribution of Policies and Procedures in Fleet and Transportation Services

Chairman Kern advised that the Policies and Procedures requested to be distributed at the last meeting were distributed to each member with a note to contact the City Auditor's Office if they desired Dan Hyde to return to make a further presentation. The City Auditor's Office has not received a request for any further presentation.

There was no further discussion.

GOODMAN - Motion to consider the item complete – McDONALD seconded the motion - UNANIMOUS with MARTIN excused

(11:16 – 11:17)

1-216

5. Discussion and possible action on cost recovery in Cultural Activities in the Cultural Division of Leisure Services

Chairman Kern indicated that during the December 18, 2001 Audit Committee Meeting while discussing the Audit of Cultural and Community Affairs Division, the Mayor asked Deputy City Manager Houchens to seek Council direction during individual briefings regarding cost recovery on Cultural Activities. Deputy City Manager Houchens explained that this is a work in progress. In attempting to address the audit recommendation that a target recovery rate be established, staff has discovered that a number of targets need to be established for the various types of activities and programming areas of the Department. Particular areas have been identified and historical data is being examined for the information it can provide. Target recovery rates will be part of the budget.

Dr. Barbara Jackson advised that staff has looked very closely at the last recovery rate of 9% versus year-to-date since July 1, 2001 at 15%. That number is somewhat misleading since spring and summer are the busiest seasons and it does not account for the impact of cancellations resulting from 9/11/2001. The impact of those cancellations is both a loss of revenue as well as a reduction in the costs for the events not held.

Chairman Kerns suggested that the item be held as complete inasmuch as Dr. Jackson is moving forward with the City Manager's office and expressed appreciation for the cooperation given to date.

There was no further discussion.

McDONALD - Motion to consider the item complete – GOODMAN seconded the motion - UNANIMOUS with MARTIN excused

(11:17 – 11:21)

1- 243

6. Discussion and possible action on Contingency Planning Documentation

Chairman Kern stated that during the review of the 1999-2000 Annual Audit Recommendation Follow-up, Mr. Vincent, Director of Finance and Business Services, stated he would provide a list or breakdown of what is available or would have to be purchased in a more formal manner to the City Auditor's Office. The appropriate documentation has been received by the City Auditor's Office. Deputy City Manager Houchens supported the documentation submitted.

Chairman Kern confirmed with Mr. Snelding that the information submitted was sufficient. Mr. Snelding added that this will be one of the items cleared from the open recommendation list in less than a year. Mr. Vincent is aware of that. Information Technologies is working diligently with the contingency aspect or portion of this audit.

There was no further discussion.

SAITTA - Motion to consider the item complete – McDONALD seconded the motion - UNANIMOUS with MARTIN excused

(11:21 – 11:23)

1-358

7. Discussion and possible action on Cost-Benefit Analysis on Class and Hansen

Chairman Kern advised that during the review of the 1999-2000 Annual Audit Recommendation Follow-up, Mr. Marcella, Director of Information Technologies, stated he would provide productivity stats on the Class and Hansen applications in a more formal manner to the City Auditor's Office. The appropriate documentation has been received by the City Auditor's Office and this matter has been completed.

There was no further discussion.

GOODMAN - Motion to consider the item complete – SAITTA seconded the motion – UNANIMOUS with MARTIN excused

(11:23)

1-412

8. Discussion and possible action on written response on Root Access Policy and Procedures

Chairman Kern indicated that during the review of the 1999-2000 Annual Audit Recommendation Follow-up Mr. Marcella, Director of Information Technologies, said he would provide a more formal response to the City Auditor's Office. The appropriate documentation has been received by the City Auditor's Office. Mr. Snelding added

that the Department had met the necessary documentation for both Items 7 and 8 to be considered complete by the City Auditor's office. Both items will be removed from the next follow-up. He expressed appreciation for the cooperation from both Finance & Business Services and Information Technologies.

There was no further discussion.

SAITTA - Motion to consider the item complete – McDONALD seconded the motion – UNANIMOUS with MARTIN excused

(11:23 – 11:25)

1-437

CITIZENS PARTICIPATION:

Councilman McDonald outlined his contact from a member of the Las Vegas Housing Authority after an article in the paper requesting that the City perform an audit. The Las Vegas Housing Authority is an independent entity. Mayor Goodman added information from his conversation Friday with the Housing and Urban Development Department that their report or audit of the Las Vegas Housing Authority will be given to him as the Mayor in order to take further action if necessary or to put it to sleep if appropriate. Prior to that conversation, he has been advised that the Mayor made appointments to the Las Vegas Housing Authority and that was the limit of the City's input to the Housing Authority.

City Attorney Jerbic suggested that his office would do additional research into the situation, especially in regard to a question of exposure raised by Chairman Kern. The Mayor does have the ability to appoint or remove for cause people from the Board of the Housing Authority. But the funding is directly to the Housing Authority from the federal government and the accountability should rest totally with the Housing Authority. His office will also look into the impact of the Housing Authority on the City's bond rating. Chairman Kern pointed out that nationally funds distribution in this type of circumstance is a hot topic. City Attorney Jerbic stated that he would bring the information back to the Committee in the future.

Chairman Kern discussed with Deputy City Manager Houchens and Mr. Snelding a future agenda item regarding external auditors not using City internal audits. He suggested that utilizing the internal audits and the work performed could save the City costs and fees in the external audit process. The outside auditors are very good, but the City Auditor's office has done a fantastic job. Further, it is difficult to see how the value of internal controls can be adequately evaluated by the outside auditors without using the internal audits. Deputy City Manager and Mr. Snelding suggested that the best time to have a presentation on an agenda would be at the next quarterly meeting,

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prior to the outside auditors beginning their work. Chairman Kern and Mayor Goodman concurred.

(11:25 – 11:33)

1-478

ADJOURNMENT:

The meeting adjourned at 11:33 p.m. (1-744)

RESPECTFULLY SUBMITTED,

Vicky Darling, Assistant Deputy City Clerk